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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

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W-01583A WATER
LAS QUINTAS SERENAS WATER COMPANY
PO BOX 68
SAHUARITA AZ 85659-0000

ANNUAL REPORT

FOR YEAR ENDING

9	30	2000
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FOR COMMISSION USE

ANNO4	00
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DALE R. CALVERT, PLLC

CERTIFIED PUBLIC ACCOUNTANT

2970 N. SWAN ROAD, #220
TUCSON, AZ 85712

Voice (520) 325-1544

Fax (520) 325-1121

E-mail drcalvert@cpatucson.com

April 12, 2001

Board of Directors
Las Quintas Serenas Water Company
Sahuarita, Arizona

We have compiled the accompanying comparative balance sheet of Las Quintas Serenas Water Company (a corporation) as of September 30, 2000 and 1999 and the related comparative statement of income and expenses for the years then ended and the supplementary information contained in the schedule of utility plant in service, schedule of calculation of depreciation expense, schedule of supplemental financial data, schedule of property taxes and schedule of income taxes for the year ended September 30, 2000 included in the accompanying prescribed form, Water Utility Annual Report, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation is limited to presenting in the form prescribed by the Arizona Corporation Commission information that is representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission which differ from a presentation in conformity with generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.



Dale R. Calvert
Certified Public Accountant

COMPANY INFORMATION

Company Name (Business Name) Las Quintas Serenas Water Co.

Mailing Address P. O. Box 68

(Street)

Sahuarita

(City)

AZ

(State)

85629

(Zip)

(520) 625-8040

Telephone No. (Include Area Code)

(520) 648-3520

Fax No. (Include Area Code)

(520) 791-8319

Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address P. O. Box 68

(Street)

Sahuarita

(City)

AZ

(State)

85629

(Zip)

(520) 625-8040

Local Office Telephone No. (Include Area Code)

(520) 648-3520

Fax No. (Include Area Code)

(520) 791-8319

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: _____

(Name)

(Title)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Steve Gay

(Name)

16961 Camino de las Quintas

(Street)

Sahuarita

(City)

AZ

(State)

85629

(Zip)

(520) 625-8040

Telephone No. (Include Area Code)

(520) 648-3520

Fax No. (Include Area Code)

(520) 791-8319

Pager/Cell No. (Include Area Code)

Email Address _____

Statutory Agent: <u>Steve Gay</u>			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: <u>Lawrence V. Robertson</u>			
(Name)			
333 N. Wilmot, Ste. 300	Tucson	AZ	85711
(Street)	(City)	(State)	(Zip)
(520) 721-1900	(520) 747-1550		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME Las Quintas Serenas Water Company

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	14,739		14,739
304	Structures and Improvements			
307	Wells and Springs	260,924	36,828	224,096
311	Pumping Equipment	17,617	17,617	-0-
320	Water Treatment Equipment	830	695	135
330	Distribution Reservoirs and Standpipes	77,790	35,324	42,466
331	Transmission and Distribution Mains	721,332	310,038	411,294
333	Services	8,441	8,441	-0-
334	Meters and Meter Installations	82,918	41,232	41,686
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	15,810	14,730	1,080
341	Transportation Equipment	4,000	4,000	-0-
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	7,674	4,684	2,990
348	Other Tangible Plant			
	TOTALS	1,212,075	473,589	738,486

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Las Quintas Serenas Water Company

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	14,739		-0-
304	Structures and Improvements			
307	Wells and Springs	260,924	.05	13,046
311	Pumping Equipment	17,617	.05	881
320	Water Treatment Equipment	830	.05	41
330	Distribution Reservoirs and Standpipes	77,790	.05	3,889
331	Transmission and Distribution Mains	721,332	.05	36,067
333	Services	8,441	.05	422
334	Meters and Meter Installations	82,918	.05	4,146
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	15,810	.05	791
341	Transportation Equipment	4,000	.05	200
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	7,674	.05	384
348	Other Tangible Plant			
	TOTALS	1,212,075		59,867

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
		9/30/99	9/30/00
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 110,992	\$ 136,566
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	14,149	9,361
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	6,301	6,441
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	128,366	181,930
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 259,808	\$ 334,298
	FIXED ASSETS		
101	Utility Plant in Service	\$1,102,218	\$1,212,075
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(413,723)	(473,589)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 688,495	\$ 738,486
	TOTAL ASSETS	\$ 948,303	\$1,072,784

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
		9/30/99	9/30/00
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$ 925
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	34,942	40,042
236	Accrued Taxes	19,063	16,049
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 54,005	\$ 57,016
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	379,526	451,637
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	73,321 *	98,329 *
272	Less: Amortization of Contributions	-0- *	(19,261) *
281	Accumulated Deferred Income Tax	13,452	10,010
	TOTAL DEFERRED CREDITS	\$ 466,299	\$ 540,715
	TOTAL LIABILITIES	\$ 520,304	\$ 597,731
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 2,550	\$ 2,550
211	Paid in Capital in Excess of Par Value		5,180
215	Retained Earnings	425,449	467,323
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 427,999	\$ 475,053
	TOTAL LIABILITIES AND CAPITAL	\$ 948,303	\$ 1,072,784

* Includes off-site improvement fees

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR 9/30/99	CURRENT YEAR 9/30/00
461	Metered Water Revenue	\$ 224,599	\$ 249,894
460	Unmetered Water Revenue		
474	Other Water Revenues	2,722	4,409
	TOTAL REVENUES	\$ 227,321	\$ 254,303
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 62,609	\$ 68,723
610	Purchased Water		
615	Purchased Power	22,167	27,942
618	Chemicals		
620	Repairs and Maintenance	7,566	15,823
621	Office Supplies and Expense	4,017	4,087
630	Outside Services	3,960	3,233
635	Water Testing	5,170	3,301
641	Rents	4,080	4,130
650	Transportation Expenses	2,420	3,659
657	Insurance – General Liability	2,602	2,284
659	Insurance - Health and Life	2,760	5,290
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	8,234	9,521
403	Depreciation Expense	47,885	40,605 *
408	Taxes Other Than Income	8,046	9,417
408.11	Property Taxes	14,220	16,550
409	Income Tax	9,066	8,405
	TOTAL OPERATING EXPENSES	\$ 204,802	\$ 222,970
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 7,879	\$ 9,731
421	Non-Utility Income	725	810
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/EXP	\$ 8,604	\$ 10,541
	NET INCOME/(LOSS)	\$ 31,123	\$ 41,874

* Includes amortization of contribution
in aid of construction and off-site
improvement fees

COMPANY NAME	Las Quintas Serenas Water Company
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SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A	N/A	N/A	N/A
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	<u>\$ 36,763</u>
Meter Deposits Refunded During the Test Year	<u>\$ 4,810</u>

COMPANY NAME Las Quintas Serenas Water Company

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
#5 55-60-8531	50	325	10" - 8"	6"
#6 55-60-8530	75	350	12"	6"
#7 55-56-6940	40	200	12"	4"

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = 144,026

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
N/A		N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
30,000 gallons	1	3,000 gallons	1
60,000 gallons	1	5,000 gallons	5

STATISTICAL INFORMATION

Total number of customers	813	
Total number of gallons sold	134,862,200	gallons

COMPANY NAME Las Quintas Serenas Water CompanyYEAR ENDING 12/31/2000**PROPERTY TAXES**

Fiscal

Amount of actual property taxes paid during ~~Calendar~~ Year 2000 was: \$ 15,291.60

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Las Quintas Serenas Water CompanyYEAR ENDING 12/31/2000**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>35,126</u>
Estimated or Actual Federal Tax Liability	<u>5,269</u>

State Taxable Income Reported	<u>39,203</u>
Estimated or Actual State Tax Liability	<u>3,136</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>-0-</u>
Amount of Gross-Up Tax Collected	<u>-0-</u>
Total Grossed-Up Contributions/Advances	<u>-0-</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Steve H. Gay
SIGNATURE

4/13/01
DATE

Steve Gay
PRINTED NAME

Manager
TITLE

COMPANY NAME Las Quintas Serenas Water Company

09/30/2000
YEAR ENDING ~~12/31/2000~~

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Fiscal ~~Calendar~~ Year 2000)

\$ 15,291.60

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Pima
NAME (OWNER OR OFFICIAL) TITLE	Steven G. Gay, Manager
COMPANY NAME	Las Quintas Serenas Water Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2000

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2000 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 260,503

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 16,279**

IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Steve G. Gay
SIGNATURE OF OWNER OR OFFICIAL

1-520- 625- 8040

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

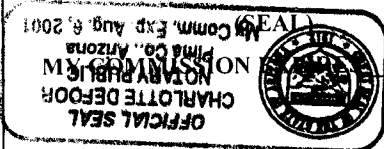
THIS

13th

DAY OF

COUNTY NAME	Pima
MONTH	Dec
YEAR	2001

Charles D. Foon
SIGNATURE OF NOTARY PUBLIC



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

(COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Steven G. Gay	TITLE Manager
COMPANY NAME Las Quintas Serenas Water Company	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2000

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2000 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 182,352

**(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 11,402
IN SALES TAXES BILLED, OR COLLECTED**

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

X Steve G. Gay
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

13 th

DAY OF

NOTARY PUBLIC NAME <u>Charlotte DeFoor</u>	
COUNTY NAME <u>Pima</u>	
MONTH <u>April</u>	2001



X Charlotte DeFoor
SIGNATURE OF NOTARY PUBLIC

Arizona Corporation Commission Utilities Division
Annual Report
For Year Ending December 31, 2000

Note 1 - Reporting Period:

Las Quintas Serenas Water Company is a corporation which has a fiscal year of September 30 for income tax reporting purposes. The company has asked for and received permission from the Arizona Corporation Commission to report the financial information contained in the annual report using the same reporting period it uses for income tax purposes. Therefore, the financial information contained in this report is for the fiscal years ending September 30, 2000 and 1999 with the following exceptions. The information contained on the "Verification and Sworn Statement" and the "Verification and Sworn Statement - Residential Revenue" is for the calendar year ending December 31, 2000.

LAS QUINTAS SERENAS WATER COMPANY

INPUT FORM

***AYEE**

James Lee Kirk
Pima County Treasurer

DATE

10-25-99

CHECK #

5102

OR JE REF

✓

JESC.

1/2 property tax

ACCT. #	ATTACH DOCUMENTATION	AMOUNT
	303-47-19258-3002	\$ 274.57 ✓
	303-47-04302-3002	6,958.24 ✓
	303-47-57485-3002	75.77 ✓
	303-41-04887-3002	262.64 ✓
	303-47-57382-3002	74.58 ✓
131	NET CHECK	\$ 7,645.80
	NET JE = 0	

LAS QUINTAS SERENAS WATER CO.

P. O. BOX 68
SAHUARITA, AZ 85629

DATE 25 Oct. 1999

91-170/1221

PAY TO THE ORDER OF James Lee Kirk, Pima County Treasurer

\$ 7,645.80

SEVEN THOUSAND SIX HUNDRED FORTY FIVE AND 80/100-----DOLLARS

Bank of America
Green Valley North Branch 09667
222 W. Esperanza Blvd.
Green Valley, AZ 85614
267-0001 In Phoenix, 1-800-284-8491 Nationwide

FOR

Steve Gay
COPY

⑈005102⑈ ⑈122101706⑈

050⑈060212⑈

⑈0000764580⑈

